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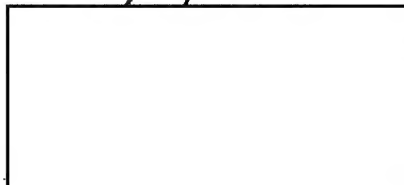
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31 March 1978

**TO: Mr. Thomas K. Latimer, Staff Director
Permanent Select Committee on Intelligence
House of Representatives**

Tom:

In response to Mr. Burlison's request on the Freedom of Information Act, I think he and the Committee might be very interested in the possibility of similar initiatives on the Senate side concerning nuclear secrets. I would be very interested in knowing about the possibilities of remedial legislation. At a minimum, I would appreciate your calling this to Mr. Burlison's attention if that is appropriate.



Attachment

FORM 1533 OBSOLETE
6-68 PREVIOUS
EDITIONS.

(40)

Senators to Try to Close 'Gaps'

Nuclear Security Worries Panel

By John J. Flaika

Washington Star Staff Writer

The Senate Governmental Affairs Committee will prepare new legislation to close several "large gaps" in the nation's system for safeguarding bomb-grade nuclear materials, according to Sen. John Glenn, head of the panel's subcommittee on nuclear proliferation.

Glenn expressed shock yesterday after learning that some employees of private contractors, employees who work with highly enriched uranium and plutonium, are not required to have security clearances.

"That's incredible," Glenn said, calling it a "big gap in our security that we'll have to fill in."

Victor Gilinsky, a commissioner of the Nuclear Regulatory Commission, explained the situation to Glenn during a hearing on the potential threat terrorists may pose to certain nuclear facilities. Gilinsky said that the "great majority" of employees who handle nuclear materials in 12 fuel-fabricating facilities licensed by the NRC have security clearances because they are working on Defense Department contracts and the Defense Department requires clearances.

THOSE WORKING on civilian nuclear research projects, many of which deal with the same nuclear materials he added, are not required to have their backgrounds checked unless their employer chooses to do so.

Glenn also said that the laws may have to be changed to prevent the NRC and the departments of Energy and Defense from sending out detailed plans of nuclear weapons storage facilities and other highly secured areas.

Glenn displayed a series of blueprints, including detailed sketches of the wiring of the alarm system, of the Department of Energy's Hanford Reservation in Washington. They were obtained by Joseph Albright, a reporter for the Cox newspaper chain, who was given them and even received tours of several highly secured facilities while posing as a private contractor.

"It is absolute nonsense to be sending this kind of information out," Glenn told a panel of nuclear energy officials, including Gilinsky, Thomas O'Brien, director for security plans for the Pentagon, and Donald Kerr, acting assistant secretary for defense programs at the Department of Energy.

"I don't think you can overdramatize this," added Glenn, who said that a new law might be necessary to bar such information from Freedom of Information Act requests.

Glenn said his committee had run into several "stone walls" trying to investigate another safeguard problem, the unexplained loss of a large amount of highly enriched uranium from a private nuclear plant, the Nuclear Materials and Equipment Corp. (NUMEC) of Apollo, Pa., during the early 1960s.

According to a spokesman for the Senate Select Committee on Intelligence, the committee has turned down access to CIA files on the NUMEC case.

"Under the Senate rules," the spokesman said, "Senators Glenn is welcome to view them

Asked by Glenn about the NUMEC case, Kerr said, "We cannot prove to you that there was no diversion, nor can we prove to you that there was a diversion."

KERR ADDED THAT the Energy Department is concerned about reports that the missing uranium may have been diverted to Israel and has launched two new investigations of the case.

One investigation is to recheck available records and processes at the plant, which was involved in making highly enriched uranium fuel for a nuclear rocket at the time investigators discovered that 206 pounds of the material could not be accounted for.

The second investigation is being carried out by the Office of Inspector General, which is focusing on how Energy Department officials and its two predecessors, the Atomic Energy Commission and the Energy Research and Development Administration, have dealt with the problem in the past.

According to Energy Department records, the president of NUMEC at the time, Dr. Zalman M. Shapiro, a former AEC chemist, had access to top secret U.S. nuclear weapons technology at the same time that he had a number of business arrangements with the Israel's Atomic Energy Commission, including a program for recruiting and training Israeli scientists and a contract for "the general development of plutonium oxide as fuel elements in nuclear reactors."

While Glenn expressed alarm over some revelations during the hearing, he discovered that one "serious" incident reported Sunday by the Washington Post amounted to a "fiasco."

Kerr told Glenn that an offer made last summer by European commodity traders to sell Westinghouse 239 pounds of highly enriched uranium turned out to involve depleted uranium, a harmless, lead-like substance from which most of the fissionable uranium isotopes had been removed.

Reports of the matter sent to the NRC did not mention that the material, offered by an unnamed Swiss businessman as "highly enriched uranium," was tested by a Geneva chemist and turned out to contain only .4 percent of U-235, the bomb-grade material, less than that found in natural uranium.

Asked about the matter, Herb Waters, a Washington commodities dealer, acknowledged that he had received a detailed assay report from Geneva and after translating it from the German, rejected the offer, explaining that Westinghouse had no need for depleted uranium.

"LET ME SAY to you that this has been a fiasco from the beginning," said Harvey E. Lyon, head of Energy Department's division of safeguards and security, who explained that a letter outlining the matter has been sent to the NRC. He added that the FBI is still investigating the case because of the possibility of fraud in the initial offer.

Lyon said the Energy Department's files contain several other cases where an offer to sell bomb-grade uranium to foreign parties overseas. So far, he added, none of the offers have been found to be credible.

Depleted uranium, according to Lyon, can be